ABSTRACT

A method of guarantying a minimum cash flow for a business entity that holds at least one facility that converts a first commodity to a second commodity is disclosed. According to various embodiments, the method includes establishing a contract between the business entity and an option grantor. The contract obligates the option grantor, in exchange for a contract premium paid by the business entity to the option grantor, to pay the business entity a payment after a look-back period, when the aggregate value of one or more strips of options corresponding to one or more facilities subject to the contract is below a predetermined value, and where the value of each option in the strip is based on a spread between the price of the second commodity and the cost of producing the second commodity from the first commodity, where the price and cost are assessed based on price and cost information over the look-back period.